

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 COME-00 FRB-01 XMB-04 OMB-01

AID-05 SP-02 CIAE-00 INR-07 NSAE-00 /041 W

-----290645Z 034457 /11

R 281710Z APR 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 4254

TREASURY DEPT WASHDC

UNCLAS ROME 6901

PASS FRB

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: APRIL TREASURY BILL AUCTION: INTEREST RATES FALL IN
INCREASED DEMAND

1. YIELD ON THREE-MONTH BILLS DECLINED AMOST 2 PERCENTAGE POINTS TO 16.28 AT THE MONTHLY BILL OFFERING TO THE PUBLIC HELD APRIL 22, COMPARED TO MARCH YIELD OF 18.23. YIELDS ON SIX-MONTH BILLS WERE ALSO SLIGHTLY LOWER AT 17.51, COMPARED TO 17.64 IN PRECEDING MONTHS THE YIELD ON 12-MONTH BILLS REMAINED UNCHANGED AT 16.69.

2. OF THE 4,000 BILLION LIRE IN BILLS OFFRED, BANKS AND OTHER INVESTORS PURCHASED 2,864 BILLION, THIS WAS COMPRISED OF ALL OF THE OFFERING OF 1,750 BILLION OF 3-MONTH BILLS, 971 BILLION OF THE 1,500 BILLION OFFER OF 6-MONTH BILLS, AND 143 BILLION OF THE 750 BILLION OF 12-MONTH BILLS OFFERED. APRIL PURCHASES BY BANKS AND OTHERS INCREASED THEIR HOLDINGS OF OUSTANDING BILLS BY 474 BILLION LIRE, WHILE 2,390 BILLION MATURED ON THEIR BOOKS.

3. THE SIZE OF THE DROP IN 3-MONTH BILL RATES WAS REPORTED IN THE PRESS AS HAVING SURPRISED THE MONETARY AUTHORITIES. THE YIELD
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ON 3-MONTH BILLS IS NOW SLIGHTLY BELOW THAT ON INTERBAND DIPOSIT OF SIMILAR TERM, WHICH HAS ITSELF DRIFTED LOWER IN THE PAST MONTHS. THE PESS HAS NOTED THE POSITIVE CONSEQUENCES OF THIS DEVELOPMENT FOR THE SUPPLY OF MEDIUM AND LONGER-TERM FUNDS. ALTHOUGH SHORT-TERM RATES ARE STILL SOMEWHAT ABOVE LONGER-TERM RATES, THEY ARE NOW MUCH CLOSER THAN BEFORE AND SOME SHIFT OF SAVINGS INT LONGER MATURITIES WOULD BE EXPECTED SHOULD A MORE NORMAL

YIELD CURVE EVOLVE.GARDNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Sent Date: 28-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: ROME
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